

Message Text

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TAGS: ETRD, TW, US

SUBJECT: SECTION 301 PETITION FILED BY CHARLES REHFELDT,
LAI FU TRADING CO., LTD.

REF: TAIPEI 5836

1. THE ECONOMIC NEWS OF TAIPEI OF AUGUST 30 CARRIED REMARKS
MADE TO REPORTER BY E.J. REHFELDT, JR., PRESIDENT OF LAI FU
TRADING CO., LTD. (AND NEPHEW OF CHARLES REHFELDT) REGARDING
DUTIES IMPOSED BY GROC ON IMPORTED TV RECEIVERS AND APPLI-
ANCES. TEXT OF REHFELDT'S COMMENTS FOLLOWS:

QUOTE: 'TAIPEI (CENS)--THE CHINESE GOVERNMENT SHOULD CONSIDER
LOWERING ITS IMPORT DUTIES ON COLOR TV SETS AND REFRIGERATORS
TO GIVE CONSUMERS A WIDER CHOICE OF PRODUCTS.

'E.J. REHFELDT JR., PRESIDENT OF LAI FU TRADING CO., LTD., OF
TAIPEI, SAID THE CURRENT 45 PER CENT IMPORT TARIFF ON ELECTRI-
CAL APPLIANCES HAS UNDERMINED FAIR COMPETITION IN THE
DOMESTIC MARKET.

'REHFELDT, WHO IS DISTRIBUTOR FOR SOME AMERICAN COMPANIES,
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INCLUDING RCA CONSUMER ELECTRONICS AND AMANA REFRIGERATION INC.,

SAID THE CURRENT 45 PER CENT IMPORT DUTY WOULD MEAN THAT HIS COMPANY HAS TO PAY A TOTAL OF 77 PER CENT DUTY WHEN ADDITIONAL TAXES, SUCH AS HARBOR DUES, SURCHARGE AND COMMODITY TAX, ARE INCLUDED. THE ADDITIONAL TAXES COST ANOTHER US\$71.45 FOR A COLOR SET WORTH US\$300 (MANUFACTURERS PRICE), HE SAID.

'THE CURRENT CUSTOMS DUTY AGAINST IMPORTED COLOR TV SETS IS 45 PER CENT PLUS A 3 PER CENT HARBOR DUES AND A 1 PER CENT SURCHARGE.

'HOWEVER, THE PAYABLE DUTY IS BASED ON 120 PER CENT OF THE C.I.F. PRICE (TAIWAN PORTS), WHICH MAKES THE 45 PER CENT CUSTOMS DUTY INFLATED TO AS HIGH AS 54 PER CENT AGAINST THE ORIGINAL C.I.F. PRICE.

'IN ADDITION, IMPORTED COLOR TV SETS AND LOCALLY ASSEMBLED COLOR TV'S ARE AGAIN SUBJECT TO A 10 PER CENT COMMODITY TAX AGAINST THE WHOLESALERS PRICE OR AFTER-TAX VALUE.

'UNDER THE CURRENT TAX REGULATIONS IN TAIWAN, AN IMPORTED COLOR TV IS SUBJECT TO A TOTAL AMOUNT OF VARIOUS TAXES EQUIVALENT TO 77 PER CENT AGAINST THE ORIGINAL IMPORTED C.I.F. VALUE.

'BASED ON THE SAME CALCULATION, THE 60 PER CENT IMPORT DUTY ON ELECTRICAL APPLIANCES, ONCE ADOPTED BY THE GOVERNMENT HERE, ACTUALLY MEANS - 96 PER CENT EXTRA COST. LAI FU FAVORS A 33 PER CENT IMPORT DUTY, WHICH WILL BRING THE TOTAL COST TO 60 PER CENT.

' "WE FOUND THE ORIGINAL 33 PER CENT DUTY ACCEPTABLE AND WE SOLD SOME 8,000 COLOR TV SETS BETWEEN AUGUST 1973 AND JULY 1974," REHFLEDT SAID. "BUT AFTER THE GOVERNMENT RAISED THE TARIFF TO 45 PER CENT ON JULY 11, 1974, OUR SALES HERE PLUMMETED TO 906 SETS IN 1975 AND ONLY 50 SETS SINCE LAST MARCH, WHEN THE 60 PER CENT DUTY WAS INSTITUTED."

'REHFLEDT SAID A 33 PER CENT IMPORT DUTY IS "ACCEPTABLE AND HIGH ENOUGH TO PROTECT LOCAL TV MANUFACTURERS FROM FOREIGN COMPETITION."

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' "BECAUSE OF THE PROHIBITIVELY HIGH IMPORT DUTY, MAFA LOCAL FACTORIES QUOTE "UNREASONABLE HIGH PRICES," WHICH ONLY HARM THE INTEREST OF CONSUMERS," HE ADDED.

' "TV SETS MADE IN TAIWAN SELL ON THE LOCAL MARKET FOR ABOUT DOUBLE THE PRICES OF THE SAME TYPES OF COLOR TV SETS SOLD IN THE U.S.," HE SAID.

'AFTER ADDING TAXES, A RCA 19-INCH COLOR SET, FOR EXAMPLE, IS SOLD FOR ABOUT NT\$30,000 (ABOUT US\$750) IN TAIWAN, COMPARED WITH AN ESTIMATED NT\$28,000 FOR A SONY 19-INCH CONSOLE MODEL, REHFELDT SAID.

'THESE FIGURES INDICATE THAT "THE HIGH IMPORT DUTY IS HELPING LOCAL FACTORIES TO KEEP THEIR PRICES HIGH," HE SAID. "THE HIGH DUTY FORCES OUR PRICES HIGH, WHICH MAKES OUR PRODUCTS LUXURY ITEMS."

'REHFELDT SAID GOVERNMENT OFFICIALS HERE SHOULD NOT REFER TO HIGH IMPORT DUTIES IMPOSED BY SOUTH KOREA OR THE PHILIPPINES AS AN EXCUSE.

' "AS FAR AS I KNOW, TAIWAN ENJOYS A FAVORABLE TRADE SURPLUS IN ITS TRADE WITH THE U.S. WHILE SOUTH KOREA AND THE PHILIPPINES DO NOT," HE SAID.

'THE GOVERNMENT, HE SAID, SHOULD "CLOSELY EXAMINE THE TV INDUSTRY TO DETERMINE WHY LOCALLY MADE CLOR TV SETS ARE SOLD AT HIGH PRICES AND WHY SHOULD THEY REQUIRE THIS KIND OF PROTECTION."

'COMMENTING ON "STIFF ECONOMIC ACTION", REPORTEDLY CONTEMPLATED BY THE U.S., HE SAID HIS COMPANY IS AGAINST ANY RETALIATORY MOVE BY THE U.S. BECAUSE "WE ALSO OPERATE THREE FACTORIES HERE TO PRODUCE TV COMPONENTS, SUCH AS INTEGRATED CIRCUITS, WHOSE EXPORTS MIGHT BE AFFECTED IF THE U.S. REMOVES TAIWAN FROM ITS LIST OF GENERALIZED SYSTEM OF PREFERENCES. END QUOTE.

2. THE DEPARTMENT'S ATTENTION ALSO IS DRAWN TO AN EDITORIAL IN THE MASS CIRCULATION CHINESE LANGUAGE UNITED DAILY NEWS LIMITED OFFICIAL USE

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OF AUGUST 24, WHICH WAS PUBLISHED ON AUGUST 30 BY FBIS OKINAWA (R 280908Z AUG 76). ENTITLED: "CHINA AND THE UNITED STATES ARE GOOD TRADE PARTNERS", THE EDITORIAL EXPRESSES SHOCK THAT THE USG WOULD RETALIATE AGAINST THE ROC FOR NOT LOWERING IMPORT DUTIES BY RAISING U.S. DUTIES ON IMPORTS FROM THE ROC. THE EDITORIAL POINTS OUT THAT THE ACTION WOULD HURT U.S. COMPANIES WHO HAVE INVESTMENTS IN THE ROC MORE THAN ANYONE ELSE SINCE MANY OF THEM ARE PRODUCING SOLELY FOR THE U.S. MARKET.
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